

Asia Morning Bites

Singapore's consumer inflation is expected to accelerate; Taiwan's industrial production to remain solid thanks to electronics



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Global Macro and Markets

- **Global Markets:** It was a pretty quiet end to the week last week. US Treasury yields have traded in a narrow range since they returned from the Juneteenth holiday and the 10Y yield is currently at 4.2554%. not much different to the 4.22% it reached last Wednesday before the vacation. The USD is getting some help from somewhere though and EURUSD is down at 1.0693. Weak Eurozone PMIs on Friday may be part of the explanation. There also looks to be some element of dollar-strength to the moves, rather than a purely Euro-led move, as the AUD was also a bit weaker dropping to 0.6639. Cable too was weaker, declining smoothly on Friday to 1.2640, and the JPY has risen back to 159.84. Most of the Asian FX pack was also slightly weaker against the USD on Friday. The KRW is up to 1388.25 currently, though is off its Friday highs, which took it close to 1393. US stocks were slightly down on Friday. Chinese stocks were sold more forcefully. The Hang Seng was down 1.67%, though the CSI 300 only fell 0.22%. US equity futures are suggesting a slightly positive start to today's trading
- **G-7 Macro:** Eurozone preliminary PMIs for June were soft. The composite figure for the Euro area was 50.8, only just above a contraction level, and down from 52.2 in May. Manufacturing was particularly weak, falling further into the red with a reading of 45.6,

though there were also falls from the service-sector PMI, which is still in expansion territory at 52.6, though down from 53.2. The UK had some better retail sales figures on Friday, as well as some modestly more encouraging public finance numbers. US PMIs were slightly stronger, with gains from both the manufacturing and service sectors. Today is quiet. Germany's Ifo survey is the main release, which probably won't deviate massively from the earlier PMI numbers in terms of the message.

- **Singapore:** Inflation data for May at 1300 SGT are unlikely to provide any arguments for the MAS shifting to a more accommodative stance any time soon. The headline inflation rate is forecast to rise to 3.1% in from 2.7% in April. Core inflation is not expected to change from the April 3.1% YoY rate.
- **Taiwan:** Taiwan releases a selection of May data this afternoon. Industrial production is set to moderate to around 10% YoY after very strong April growth of 14.6% YoY. The underlying trend from the past few months has been positive thanks to solid growth from the electronics-related categories, and industrial production is expected to maintain relatively decent momentum in the next several months as new orders in these sectors have remained solid in the last few months. Additionally, Taiwan releases its unemployment and money supply data today.

What to look out for: Singapore CPI and Taiwan IP

- Singapore May CPI inflation (June 24)
- Taiwan May Industrial Production (June 24)
- Germany June IFO Business Climate (June 24)
- South Korea June Consumer Confidence Index (June 25)
- US June Conference Board Consumer Confidence (June 25)
- Singapore May Manufacturing Output (June 26)
- Australia May CPI inflation (June 26)
- US Weekly MBA Mortgage Applications, May New Home Sales (June 26)
- South Korea June Business Confidence Index (June 27)
- Philippines BSP meeting (June 27)
- US 1Q24 GDP, Initial Jobless Claims (June 27)
- US May Durable Goods Orders (June 27)
- Japan May Unemployment rate, June Tokyo CPI inflation, May Industrial Production (June 28)
- South Korea May Industrial Production (June 28)
- India Fiscal Deficit (YTD) (June 28)

Authors

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

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